



QUESTIONS FOR THE RECORD

**HOUSE COMMITTEE ON ENERGY AND COMMERCE SUBCOMMITTEE ON COMMERCE
MANUFACTURING AND TRADE**

**HEARING ON “VIN DATABASE AND AUTO WHISTLEBLOWER BILLS”
HELD SEPTEMBER 25, 2015**

The Honorable Gregg Harper

1. If or when an employee reports information about a possible safety violation, what processes do automakers have in place to take action on that information or investigate the claim made by the employee?

Alliance member companies encourage their employees to report safety concerns as soon as possible. Each company has specific policies and procedures in place to ensure that safety concerns are reported and addressed. Examples of such policies and procedures include: Corporate Integrity Codes which requires employees to conduct business activities in full compliance with applicable law; internal hotlines for employees to anonymously report instances of suspected wrongdoing or misconduct; and regular training for company personnel on Safety Act obligations and company best practices.

2. How do automakers determine the merit of the information provided by a whistleblower and whether senior officials within the company need to be notified?

The Alliance does not have information related to the specific, internal business practices of its members.

- a. What additional guidance or direction is given to the employee who made the disclosure about how their complaint will be addressed?

Please see answer above

- b. Are whistleblowers notified and kept informed of when their complaint has been addressed and resolved?

Please see answer above

The Honorable Jan Schakowsky

1. The Vehicle Safety Improvement Act would prohibit dealers from selling or leasing a used car that is subject to a recall if the vehicle has not been repaired. Does your association support a law that prohibits used car companies from selling or leasing a car unless all known recalls and defects have been repaired?

Used car dealers constantly buy and sell vehicles of different makes. Because of this they do not always have access to the proper parts to remedy every vehicle on their lot. There are also

times when dealerships are either great distances apart or parts are not immediately available in that area. Via a notification regime, consumers are informed of the recall and may purchase a vehicle and have it remedied at their own convenience. The Alliance of Automobile Manufacturers supports the concept of allowing for consumer notification when selling used vehicles.

2. According to the Department of Transportation, average recall completion rates are currently close to 80%. That rate should be 100, and we should explore every avenue that could allow us to reach those missing consumers. However, 80% is rather high, and we all know someone who has said that he or she has received a notice but have yet to deal with it. I am concerned that the VIN database described in this draft will not affect recall completion rates. Am I correct that the data in this new database is the same dataset used currently – that is, data from state DMVs – to provide addresses?

The Alliance of Automobile Manufacturers agrees that all vehicles subject to a recall should be repaired. In fact, we have initiated a first of its kind recall survey to determine the factors that cause motorists to repair and not repair their recalled vehicles. We released our initial findings earlier this month but continue to gather additional information in hopes of achieving a 100% completion rate. It is true that one of the ways auto companies locate affected vehicle owners is via registrations at the DMV. However, this information is not always accurate. Owners often sell their vehicles or people move and do not update their information for months on end. Creating a national VIN database from all DMVs across the country would ensure a more accurate and reliable system that auto companies could access at a much faster rate.

The Honorable G.K. Butterfield

Mr. Karr, at the hearing, you said the Alliance of Automobile Manufacturers does not support H.R. 2198, the Raechel and Jacqueline Houck Safe Rental Car Act “as introduced.” As you know, the rental car industry, which would be regulated under H.R. 2198, is in full support of the legislation and, in fact, most of the members of the rental car industry are already voluntarily complying with the terms of the legislation. In addition, General Motors, one of your association’s largest members, also supports the legislation. Without enactment of this critical legislation, rental car companies would be permitted to continue renting unrepaired recalled vehicles with life threatening defects such as those that were responsible for the tragic deaths of Raechel and Jackie Houck.

1. Can you please explain why the Alliance of Automobile Manufacturers does not support H.R. 2198?

The Alliance of Automobile Manufacturers believes that all customers, including rental car companies, should be able to have their recalled vehicles repaired in a timely manner and that all customers should be treated equally whether they are driving their own vehicle or one they rented. However, the legislation as drafted differentiates between customers by creating classes of those that are allowed to drive their vehicles under a recall and those that are not. It would also incentivize prioritizing recall repairs on rental fleets ahead of individual owners in order to avoid economic harm thus pushing consumers to the back of the line when waiting to

remedy their vehicles. Additionally, the legislation would alter the current status quo relationship between rental companies and manufacturers by creating “loss of use” damages for rental car companies. Loss of use damages are considered so anti-consumer, that rental companies are banned in many states from pursuing them directly against consumers. Finally, loss of use damages will increase costs, which will ultimately be passed on to consumers via increased rental prices. The increased costs might be acceptable if they resulted in more safety benefits, but at this point no one, including NHTSA, has been able to point to any actual safety benefits from passing this bill.